Manitoba Public Schools
Finance Board

Annual Report
2002-2003

Manitoba

104-03873/

MINISTER OF EDUCATION AND YOUTH

Room 168
Legislative Building
Winnipeg, Manitoba R3C 0V8
CANADA

To His Honour
Peter Liba, C.M.
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I present herewith the annual report of the Public Schools Finance Board for the fiscal year ending June 30, 2003.

Sincerely,

Honourable Peter Bjornson

Manitoba

Education and Training

Public Schools Finance Board

506 - 1181 Portage Avenue
Winnipeg, Manitoba, CANADA
R3G 0T3
Fax No.: (204) 948-2001

December 17, 2003

Honourable Peter Bjornson
Minister of Education, Citizenship and Youth
168 Legislative Building
450 Broadway
Winnipeg, Manitoba R3C 0V8

Dear Sir:

Pursuant to Section 13 of The Public Schools Finance Board Act, on behalf of The Public Schools Finance Board, I have the honour of submitting the attached document for your review and consideration.

This annual report of The Public Schools Finance Board is for a twelve-month period ending June 30, 2003.

Yours sincerely,

Ben Zaidman
Chair
Public Schools Finance Board

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba
To the Board of Directors

We have audited the balance sheet of The Public Schools Finance Board as at June 30, 2003 and the statements of revenue and expenditure and education support fund and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
October 14, 2003

PUBLIC SCHOOLS FINANCE BOARD

MANAGEMENT REPORT

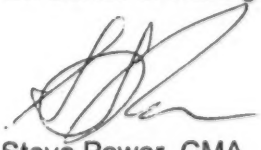
The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in the financial statements. These accounting policies have been applied on a basis consistent with the prior year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to October 14, 2003. The financial information presented elsewhere in the Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information. These internal controls also provide for the safeguarding of the Board's assets.

The responsibility of the Auditor General and his staff is to express an independent, professional opinion on whether the financial statements are fairly stated in accordance with the accounting policies stated in the financial statements. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

The Board has reviewed and approved these financial statements and the Annual Report in advance of its release and has approved its content and authorized its release.

On Behalf of Management



Steve Power, CMA

THE PUBLIC SCHOOLS FINANCE BOARD

Balance Sheet

As at June 30, 2003

	2003	2002
	(in thousands of dollars)	
ASSETS		
Cash	$ 2,043	$ 2,312
Funds on deposit with the Province of Manitoba	145	180
Accounts Receivable:		
Province of Manitoba	11,479	4,018
Municipal corporations - education support levy	109,982	120,902
Other	215	236
Prepaid Expense	147	-
	$ 124,011	**$ 127,648**
LIABILITIES AND EDUCATION SUPPORT FUND		
Support payable to school divisions	$ 3,949	$ 2,789
Accrued interest	1,339	1,114
Notes payable on demand, at bank prime, Province of Manitoba	116,122	121,074
Other payables	130	120
	121,540	**125,097**
Education Support Fund	**2,471**	**2,551**
	$ 124,011	**$ 127,648**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Revenue and Expenditure and Education Support Fund for the year ended June 30, 2003

	2003	2002
	(in thousands of dollars)	
Revenue:		
Province of Manitoba Schools Finance Program	$ 625,662	$ 600,859
Municipal corporations, education support levy	190,582	203,881
Sale of school properties and miscellaneous revenue	29	3
	816,273	**804,743**
Expenditure:		
Operational support program (Note 3)	745,205	735,969
Capital support program (Note 4)	67,756	64,616
Administrative and other expenses (Note 5)	3,392	3,447
	816,353	**804,032**
Excess of revenue over expenditure	**(80)**	**711**
Education Support Fund		
Balance, beginning of year	2,551	1,840
Balance, end of year	$ **2,471**	$ **2,551**

THE PUBLIC SCHOOLS FINANCE BOARD

Statement of Cash Flows

for the year ended June 30, 2003

	2003	2002
	(in thousands of dollars)	
Cash Flow Provided by (Used in) Operating Activities:		
Excess (deficiency) of revenue over expenditure for the year	$ (80)	$ 711
Changes in working capital:		
Province of Manitoba receivable	(7,461)	11,685
Education Support Levy receivable	10,920	3,768
Other receivables	21	621
Prepaid expenses	(147)	-
Support payable to school divisions	1,160	(1,476)
Accrued interest	225	(1,440)
Notes payable	(4,952)	(14,183)
Other payables	10	18
Net Increase/(Decrease) in Cash for the Year	(304)	(296)
Cash - Beginning of Year	2,492	2,788
Cash - End of Year	**$ 2,188**	**$ 2,492**
Consisting of:		
Cash	$ 2,043	$ 2,312
Funds on Deposit with Province of Manitoba	145	180
	$ 2,188	**$ 2,492**

THE PUBLIC SCHOOLS FINANCE BOARD

Notes to the Financial Statements

As at June 30, 2003

1. Nature of the Board's Operations

The Public Schools Finance Board was established by the Public Schools Finance Board Act in April, 1967.

The Board is responsible for receiving all monies paid to the Education Support Fund for the financing of public schooling in Manitoba. It administers the Capital Support Program including the determination and the disbursement of all capital grants provided to Manitoba school divisions under the Program. The Board also issues payments to Manitoba school divisions under the Operational Support Program in amounts as determined by the Minister of Education and Youth.

The Public Schools Act and its Regulations govern the Education Support Fund.

2. Significant Accounting Policies

(a) The accounts of the Board are maintained in accordance with Canadian generally accepted accounting principles.

(b) The Education Support Levy is assessed against municipal corporations on a calendar year basis. The Board applied 40% of the 2002 levy to the July to December period and 60% of the 2003 levy to the January to June period.

(c) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(d) The Board's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, accrued liabilities and notes payable. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

3. **Operational Support Program**

	2003	2002
	(in thousands of dollars)	
Instructional Support	$ 306,646	$ 377,457
Sparsity Support	12,066	-
Curricular Materials	8,787	8,849
Information Technology	7,030	7,079
Library Services	15,719	15,769
Level I - Special needs	45,694	44,745
Counselling and Guidance	9,357	9,307
Professional Development	5,887	5,702
Occupancy	78,130	77,811
Transportation	37,830	38,025
Board and Room	859	861
Special Needs	61,286	57,935
Technology (Vocational) Education	7,490	7,553
English as a Second Language	2,646	2,518
Aboriginal Academic Achievement	5,648	5,528
Heritage Language	220	239
French Language Programs / Instruction	5,673	5,657
Students at Risk	12,096	12,209
Small Schools	1,898	1,907
Increasing Enrolment	1,619	1,399
Northern/Remoteness Allowance	5,176	2,852
Early Behaviour Intervention	1,976	2,000
Early Childhood Development Initiative	541	559
Early Identification	249	249
Early Literacy Intervention	5,641	5,689
Programme d'accueil	338	330
Equalization Support	102,671	41,583
Day's Schools Closed	-	(6)
Adjustment of previous years' support to school divisions from estimated to actual	(81)	47
Miscellaneous (Pipeline)	(87)	(84)
Vocational Equipment Replacement	2,200	2,200
	$ 745,205	$ 735,969

4. Capital Support Program

	2003	2002
	(in thousands of dollars)	
Debt Servicing	$ 62,668	$ 59,326
Other Capital Projects	5,088	5,290
	$ 67,756	**$ 64,616**

As at June 30, 2003 the approved outstanding debenture debt of school divisions was $439,374,952 (2002 $421,584,031). The Board has not, however, assumed legal liability related to the repayment of such long-term debt and, therefore, this amount is not reflected in the financial statements.

During the course of the year, school divisions raised an additional $44,554,800 to finance capital expenditures (2002 - $50,055,000) by the issuance of debentures purchased by the Minister of Finance.

5. Administrative and other expenses

	2003	2002
	(in thousands of dollars)	
Board Administration:		
Staff salaries	$ 623	$ 618
Service agreement	169	169
Professional services	120	60
Board members' indemnities	77	84
Meetings and travel	51	44
Desktop management	43	40
Rent	36	36
Printing, stationery, postage and supplies	34	35
Telephone and fax	12	11
Computers, software and minor equipment	5	13
Total Board Administration Expenses	**1,170**	**1,110**
Interest charges on notes payable to the Province of Manitoba	**2,222**	**2,337**
	$ 3,392	**$ 3,447**

6. Commitments

As at June 30, 2003, the Board had commitments of $1,259,096 (2002 - $998,895). The amount of $1,259,096 as at June 30, 2003 (2002 - $998,895) is committed from the Education Support Fund Balance.

7. Related Party Transactions

The Board is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business.

8. Pension Costs and Obligations

The Board's employees are eligible for membership in the provincially operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, the Board reflects no provision in the financial statements relating to its participation in the pension plan.

9. Comparative Figures

Certain of the prior year financial statement figures have been reclassified to be consistent with current year presentation.

Includes 10% post-consumer waste